



SACHI A. HAMAI
Interim Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

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March 17, 2015


The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

12 March 17, 2015


PATRICK OZAWA
ACTING EXECUTIVE OFFICER

**APPROVE A TRANSFER OF EXISTING PROPRIETARY PETROLEUM PIPELINE
FRANCHISE RIGHTS, INTRODUCE AND SCHEDULE FOR ADOPTION
AN ORDINANCE TO AMEND AN EXISTING PROPRIETARY PETROLEUM
PIPELINE FRANCHISE, APPROVE A RESOLUTION OF INTENTION,
INTRODUCE AND SCHEDULE FOR ADOPTION AT A PUBLIC HEARING AN ORDINANCE
TO GRANT A PROPRIETARY PETROLEUM PIPELINE FRANCHISE
(SECOND AND FOURTH DISTRICTS)
(3 VOTES)**

SUBJECT

Approve a transfer of existing proprietary petroleum pipeline franchise rights granted to Paramount Petroleum Corporation by Ordinance No. 2006-0055F, as amended, in the South Whittier unincorporated area, to Cardinal Pipeline, L.P.; introduce and schedule for adoption an ordinance to amend the Paramount Petroleum Corporation franchise to extend the term of the franchise to December 31, 2016, and reflect a transfer of franchise rights in the South Whittier unincorporated area to Cardinal Pipeline, L.P.; and approve a Resolution of Intention, introduce and schedule a public hearing for adoption of an ordinance to grant Cardinal Pipeline, L.P. a proprietary petroleum pipeline franchise.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that this project is categorically exempt under the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 (Existing Facilities) of the State of California Guidelines for the implementation of the California Environmental Quality Act.

2. Approve a transfer of the existing proprietary petroleum pipeline franchise rights granted to Paramount Petroleum Corporation, by Ordinance No. 2006-0055F, as amended, in the South Whittier unincorporated area, to Cardinal Pipeline, L.P.
3. Approve the introduction of an ordinance to amend the Paramount Petroleum Corporation franchise, to extend the term of the franchise to December 31, 2016, and to reflect the transfer of the existing franchise rights in the South Whittier unincorporated area to Cardinal Pipeline, L.P.
4. Introduce, waive reading, and place on the Board's agenda for adoption on March 24, 2015, the accompanying ordinance that amends the franchise granted to Paramount Petroleum Corporation.
5. Approve a Resolution of Intention to grant a proprietary petroleum pipeline franchise to Cardinal Pipeline, L.P. in the South Whittier unincorporated area.
6. Introduce, waive reading, and place on your Board's agenda an ordinance to grant a proprietary petroleum pipeline franchise to Cardinal Pipeline, L.P., setting the matter for public hearing on April 28, 2015, and instructing the Acting Executive Officer of the Board to publish a notice of the public hearing pursuant to Section 6232 of the California Public Utilities Code.

AFTER THE PUBLIC HEARING, IT IS RECOMMENDED THAT THE BOARD:

Adopt the ordinance to grant Cardinal Pipeline, L.P. a proprietary petroleum pipeline franchise in the South Whittier unincorporated area, becoming effective 30 days after adoption thereof, and continuing for a term through December 31, 2016.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of these recommended actions is to transfer the existing proprietary petroleum pipeline franchise rights granted to Paramount Petroleum Corporation (Paramount), by Ordinance No. 2006-0055F, as amended, in the South Whittier unincorporated area, to Cardinal Pipeline, L.P. (Cardinal); introduce and schedule for adoption an ordinance to amend the Paramount franchise to extend the term of the franchise to December 31, 2016, and reflect a transfer of Paramount's existing franchise rights in the South Whittier unincorporated area to Cardinal; approve a Resolution of Intention and introduce an ordinance to grant a proprietary petroleum pipeline franchise to Cardinal; and schedule a public hearing, and publish a notice of the public hearing for adoption of an ordinance to grant Cardinal a proprietary petroleum pipeline franchise.

The amendment to the Paramount franchise and the grant of the Cardinal franchise for a term through December 31, 2016, will allow additional time for the Chief Executive Office and County Counsel to obtain Board approval of proposed updates to the franchise regulations in the County of Los Angeles (County) Highway Code (Title 16), prior to renewing these two franchises for a longer term.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. Adopting an ordinance to amend the Paramount franchise and adopting a Resolution of Intention and ordinance to grant Cardinal a franchise is consistent with this goal.

FISCAL IMPACT/FINANCING

The County has received a one-time fee of \$2,500 to process an ordinance to amend the Paramount franchise, and a one-time fee of \$5,000 to grant Cardinal a franchise. Paramount will continue to pay a base annual fee of \$3,495 for its pipeline footage installed in County highways in the Rancho Dominguez and East Rancho Dominguez unincorporated areas, calculated using the linear footage formula in the Paramount franchise adjusted upward annually using the Producers Price Index (PPI).

Cardinal will pay a base annual fee of \$6,570 for the pipeline footage it acquired from Paramount installed in County highways in the South Whittier unincorporated area, calculated using the volume of highway space occupied (\$1.50 per cubic foot), also adjusted upward annually using the PPI.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On July 25, 2006, the Board adopted Ordinance No. 2006-0055F, as amended, which granted a proprietary petroleum pipeline franchise to Paramount for a term through October 14, 2015. The Paramount franchise was amended administratively in July 2008 to reflect a change in control of the franchise when Paramount's stock was acquired by Alon USA Energy, Inc. (Alon), and Paramount became Alon's wholly owned subsidiary.

By a Purchase and Sale Agreement, a Bill of Sale, and an Assignment and Assumption of Easements and Pipeline Interests dated September 23, 2014, Paramount transferred various pipeline assets to Cardinal, including the pipelines Paramount maintains and operates in County highways in the South Whittier unincorporated area. After the Paramount franchise is amended to approve the transfer to Cardinal, Paramount will continue to maintain and operate pipelines in the unincorporated areas of Rancho Dominguez and East Rancho Dominguez.

Established in February 2004, Cardinal is a privately held limited partnership that has two limited partners (CP Holdings, LLC and CP Downstream Corp.), and a sole general partner, Crimson Pipeline L.P., a California limited partnership (CPLP). The sole general partner of CPLP is Crimson Pipeline Management, Inc., a California corporation.

ENVIRONMENTAL DOCUMENTATION

This project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 (Existing Facilities) of the State CEQA Guidelines.

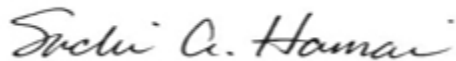
IMPACT ON CURRENT SERVICES (OR PROJECTS)

This project will not impact or negatively affect current services or future projects. The Department of Public Works has reviewed this recommendation and expressed no objection. County Counsel has reviewed and approved as to form the ordinances to amend the Paramount franchise and to grant Cardinal a franchise.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return conformed copies of the adopted recommendation and both certified ordinances to: Mr. Stephen Peyton, Manager of Pipeline Operations, Paramount Petroleum Corporation, 14700 Downey Avenue, Paramount, CA 90723; Ms. April Harvey, Senior Land Agent, Cardinal Pipeline, L.P., 3780 Kilroy Airport Way, Suite 400, Long Beach, CA 90806; and the offices of Public Works and CEO Real Estate Division. Additionally, please return two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA for further processing.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sachi A. Hamai".

SACHI A. HAMAI

Interim Chief Executive Officer

SAH:TT:CMM

KW:RB:ls

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Works

**RESOLUTION OF INTENTION TO GRANT A PROPRIETARY
PETROLEUM PIPELINE FRANCHISE CARDINAL PIPELINE, L.P.**

BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles,
State of California:

A. Cardinal Pipeline, L.P., a California limited partnership ("Franchisee"), has applied to the Board of Supervisors of the County of Los Angeles, State of California, for a franchise through December 31, 2016, to lay, construct, reconstruct, maintain, operate, renew, repair, change the size of, remove, or abandon in place, pipes and pipelines for the collection, transportation, or distribution of petroleum, oil, gas, gasoline, or other liquid hydrocarbon products, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. section 9601 et seq., and amendments thereto, together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, including poles, conduits, wires, and cables for adjunct communications lines, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate solely for the Franchisee's operations, in, under, along, or across any and all highways as defined in Section 16.36.080 of the Los Angeles County Code, now or hereafter dedicated to public use in the unincorporated territory of the County of Los Angeles, State of California, within the franchise area described in the proposed ordinance attached hereto and depicted on the exhibit map attached to said ordinance.

B. It is the intention of the Board of Supervisors of the County of Los Angeles, State of California, to grant the franchise applied for upon the terms and conditions herein mentioned. The Franchisee, and its successors and assigns will, during the life of its franchise, pay annually to the County of Los Angeles the amount specified in the proposed ordinance, and in the event such payment is not made, the franchise will be forfeited.

C. The franchise is described in the Ordinance attached hereto and is a franchise for proprietary petroleum pipeline purposes.


D. That on the 28th day of April, 2015, at the hour of 9:30 a.m., a day not less than twenty (20) nor more than sixty (60) days after the date of the passage of this resolution, in the hearing room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012, all persons having any objection to the granting of the franchise hereinabove described may appear before the Board of Supervisors and be heard thereon.

E. The Executive Officer, Board of Supervisors, shall cause a notice of said hearing to be published at least once within fifteen (15) days after adoption of this Resolution of Intention in a newspaper of general circulation published in the County of Los Angeles.

The foregoing resolution was on the 17th day of March, 2015, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which said Board so acts.




PATRICK OGAWA
Acting Executive Officer-Clerk of the
Board of Supervisors of the
County of Los Angeles

By 
Deputy

APPROVED AS TO FORM:

MARK J. SALADINO
County Counsel

By 
KATHY BRAMWELL
Principal Deputy County Counsel
Contracts Division